

## **REMARKS**

Claims 1-3, 9, 11, 20, 22, 28, 51-52, and 63 were examined. Applicant has amended claim 1. No new matter has been introduced.

### **Rejections under 35 USC §103**

Claims 1-3, 9, 11, 20, 22, 28, 51-52 and 63 stand rejected under §103(a) as obvious over Paasche et al. (US 7,359,871) in view of Patricelli et al. (US 7,174,302) and Heimermann et al. (US 7,110,976) and Bednarek (US 6,965,868) and Martinez et al. (US 6,119,229).

### **The prior art**

As the Examiner pointed out in the Office Action dated Aug. 18, 2008, Paasche does not teach wherein the number of points awarded to a member of purchases is capped in number or value (Page 8, second paragraph). Although Shurling teaches that "rewards such as a percentage point increase in a deposit account or a percentage point decrease in a loan rate may be partially awarded" (col. 12, lines 1-3), the un-awarded portion of the reward is lost and there is no teaching in Shurling on how the points exceeding a cap of one member can be distributed to its referrals.

Patricelli et al. is directed to processing flexible spending account transactions, Heimermann et al. is directed to a system that provides centralized, e-procurement to a government entity, Bednarek is directed to an incentive system that allows participant to earn points and redeem them into participant rewards, and Martinez et al. is directed to computer network systems of property ownership and transfer implemented in connection with a computer network where private currencies have no actual cash value. None of Patricelli, Heimermann, Bednarek, and Martinez discloses a multi-tier referral hierarchy, nor does any of them disclose how the points that exceed a cap of a member can be distributed to its referrals in the community without being lost.

**The prior art distinguished**

Independent claim 1 has been amended to include the language of:  
limiting the points that can be awarded to the member over a selected  
period of time by a cap; and  
distributing the points that exceed the cap of the member to one or more of:  
members in (ii), members in (iii), and charitable organizations so that the  
exceeded points remain in a community of the service provider system.

As discussed above, neither Paasche nor Shurling nor Patricelli, nor Heimermann, nor Bednarek, nor Martinez discloses distributing points exceeding a cap of a member to its referrals without being lost. Thus, they cannot render claim 1 obvious. Since the rest of the claims depend on claim 1, they are also allowable at least for depending from an allowable base claim. The Applicant respectfully requests all rejections with respect to these claims be withdrawn.

**CONCLUSION**

It is submitted that the present application is in form for allowance, and such action is respectfully requested.

The Commissioner is authorized to charge any additional fees which may be required, including petition fees and extension of time fees, to Deposit Account No. 50-4634 (Docket No. LIF 0003).

Respectfully submitted,

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Date: \_\_\_\_\_

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